

TRINITY BAY CONSERVATION DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

TABLE OF CONTENTS

	<u>PAGE</u>
Annual Filing Affidavit	1
<u>Independent Auditor’s Report</u>	2-4
<u>Management’s Discussion and Analysis</u>	5-10
 Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities.....	12
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position for Governmental Activities.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balances of to the Statement of Activities.....	16
Statement of Net Position – Proprietary Fund.....	17
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund.....	18
Statement of Cash Flows – Proprietary Fund.....	19-20
Notes to the Financial Statements	21-48
 Required Supplementary Information	
Schedule of Changes in Employer’s Net Pension Liability and Related Ratios	49
Schedule of Employer Contributions.....	50-51
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund.....	52
Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual – Water and Wastewater Fund	53
 Texas Supplementary Information	
Schedule of Services and Rates.....	54-55
Schedule of General Fund Expenditures	56
Schedule of Water and Wastewater Fund Expenses.....	57
Schedule of Temporary Investments.....	58
Analysis of Taxes Levied and Receivable.....	59
Water and Wastewater - Enterprise Fund – Debt Service Requirement by Years	60-61
Analysis of Changes in Long-Term Debt.....	62
Comparative Statement of Revenues and Expenditures – General Fund.....	63
Comparative Statement of Revenues and Expenses – Water and Wastewater Fund	64
Board Members, Key Personnel and Consultants	65-66

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS §
COUNTIES OF CHAMBERS AND JEFFERSON §

I, Victor Caraway, President of the Board of Directors of the Trinity Bay Conservation District hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the 23rd, day of December, 2024 its annual report for the year or period ended September 30, 2024 and that copies of the annual audit have been filed in the District office, located at 2500 SH 124, Stowell, Texas. The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: Dec 23, 2024

By: *Victor Caraway*
(Signature of District Representative)

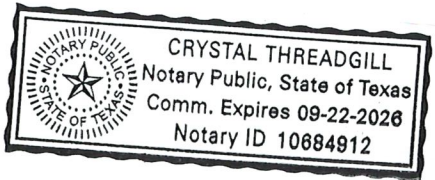
Victor Caraway, President of the Board of Directors
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this 23 day of December, 2024

(Seal)

Crystal Threadgill
(Signature of Notary)

My commission expires on 9-22-26, Notary Public in and for the State of Texas.



J. Pat O'Neill, III, CPA
Michael W. Kiefer, CPA
Troy W. Domingue, CPA
Allen W. Fehnel, CPA



Stanley (Chip) Majors, Jr., CPA, CITP, CGMA
Jane P. Burns, CPA, CDFA
Jeremy R. Triska, CPA
Chris W. Busch, CPA

December 23, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Trinity Bay Conservation District
Stowell, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trinity Bay Conservation District (District), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trinity Bay Conservation District, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 5 through 10; the Schedules of Changes in Employer's Net Pension Liability and Related Ratios and Employer Contributions on pages 49 through 51; the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund on page 52; the Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual – Water and Wastewater Fund on page 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Trinity Bay Conservation District
December 23, 2024
Page 3

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Texas Supplementary Information listed in the Table of Contents on page 54 through 66 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wathen, DeShong & Juncker, L.L.P.

WATHEN, DeSHONG & JUNCKER, L.L.P.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Trinity Bay Conservation District, we offer readers of the Trinity Bay Conservation District financial statements this narrative overview and analysis of the financial activities of the Trinity Bay Conservation District for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the independent auditor's report and the District's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the Trinity Bay Conservation District exceeded its liabilities as of September 30, 2024, by \$40,159,906 (net position).
- The Trinity Bay Conservation District's total net position increased by \$3,249,266. The District had expenses associated with all activities totaling \$12,582,743 and total revenues were \$15,832,009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Trinity Bay Conservation District's basic financial statements. These financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information which includes this management's discussion and analysis. In addition to the basic financial statements, this report also contains other supplementary information as listed in the Table of Contents.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Trinity Bay Conservation District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Trinity Bay Conservation District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 11-12 of this report.

TRINITY BAY CONSERVATION DISTRICT

Management's Discussion and Analysis
For The Year Ended September 30, 2024

Fund financial statements - A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds can be divided into two categories - governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Nonfinancial assets and long-term liabilities that will not be paid with current assets are excluded. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District's enterprise funds consist of a water and wastewater fund which is combined with the debt service and construction funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 17-20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the Financial Statements can be found on pages 21 through 48.

Other information. In addition to the basic financial statements and accompanying notes, required supplementary information presents additional information related to the pension activity of the District, and budgetary comparison schedules for the District to demonstrate compliance with the budget. This required supplementary information can be found on pages 49 through 53. Texas supplementary information provides schedules relating to services and rates, fund expenditures and expenses, investments, taxes, long-term debt, comparative statements of revenue and expenditures, comparative statements of revenue and expenses, board members, key personnel and consultants, and can be found on pages 54 through 66.

TRINITY BAY CONSERVATION DISTRICT

Management’s Discussion and Analysis
For The Year Ended September 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Trinity Bay Conservation District, assets and deferred outflows exceeded liabilities and deferred inflows by \$40.2 million at September 30, 2024. At September 30, 2024, the District has invested \$32.6 million in capital assets, net of related debt. Approximately \$1.2 million of the District’s net position is restricted for debt service. The \$6.4 million of unrestricted net position represents resources available to fund the programs of the District next year. This compares to \$30.6 million invested in capital assets, net of related debt, \$1.17 million restricted for debt service, and \$5.1 million of unrestricted net position at September 30, 2023.

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 4,089,378	\$ 4,052,510	\$ 4,847,953	\$ 3,921,499	\$ 8,937,331	\$ 7,974,009
Capital assets	9,788,907	10,445,505	28,256,988	26,685,635	38,045,895	37,131,140
Total Assets	<u>13,878,285</u>	<u>14,498,015</u>	<u>33,104,941</u>	<u>30,607,134</u>	<u>46,983,226</u>	<u>45,105,149</u>
Deferred outflows of resources	<u>410,740</u>	<u>518,930</u>	<u>410,740</u>	<u>518,929</u>	<u>821,480</u>	<u>1,037,859</u>
Current and other liabilities	480,096	471,704	2,126,471	2,046,513	2,606,567	2,518,217
Long-term liabilities	1,213,477	1,800,683	3,667,542	4,692,080	4,881,019	6,492,763
Total Liabilities	<u>1,693,573</u>	<u>2,272,387</u>	<u>5,794,013</u>	<u>6,738,593</u>	<u>7,487,586</u>	<u>9,010,980</u>
Deferred inflows of resources	<u>78,607</u>	<u>110,694</u>	<u>78,607</u>	<u>110,694</u>	<u>157,214</u>	<u>221,388</u>
Net Position						
Net investment in						
Capital assets	8,574,886	8,891,809	23,977,108	21,699,962	32,551,994	30,591,771
Restricted	-	-	1,199,856	1,169,440	1,199,856	1,169,440
Unrestricted	<u>3,941,959</u>	<u>3,742,055</u>	<u>2,466,097</u>	<u>1,407,374</u>	<u>6,408,056</u>	<u>5,149,429</u>
Total Net Position	<u>\$ 12,516,845</u>	<u>\$ 12,633,864</u>	<u>\$ 27,643,061</u>	<u>\$ 24,276,776</u>	<u>\$ 40,159,906</u>	<u>\$ 36,910,640</u>

Changes in net position. The District’s total revenues were \$15.8 million in 2024. The District’s revenue originates from charges for services totaling \$7.9 million or 49.7% and property taxes of \$4.2 million or 26.7% of total revenue.

The total cost of all programs and services was \$12.6 million, an increase of \$724,886 over 2023. Normal operating expenses by function included water and wastewater of \$7.9 million, drainage \$3.7 million, administration \$879,229, and interest on debt \$88,132. The District’s had an increase in net position of \$3,249,266.

TRINITY BAY CONSERVATION DISTRICT

Management's Discussion and Analysis
For The Year Ended September 30, 2024

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Charges for services						
Water and wastewater	\$ -	\$ -	\$ 7,863,135	\$ 6,814,247	\$ 7,863,135	\$ 6,814,247
General revenues						
Property taxes	4,233,086	4,344,193	-	-	4,233,086	4,344,193
Other taxes	3,493	2,814	-	-	3,493	2,814
Investment income	79,491	14,028	41,405	9,530	120,896	23,558
Gain (loss) on disposal of capital assets	127,750	200,698	16,550	60,651	144,300	261,349
Gift in kind - Hankamer WTP	-	-	2,863,901	-	2,863,901	-
Other	240,203	70,995	362,995	1,467,211	603,198	1,538,206
Total Revenues	<u>4,684,023</u>	<u>4,632,728</u>	<u>11,147,986</u>	<u>8,351,639</u>	<u>15,832,009</u>	<u>12,984,367</u>
Expenses						
General administration	879,229	957,214	-	-	879,229	957,214
Drainage	3,745,080	3,125,374	-	-	3,745,080	3,125,374
Water and wastewater	-	-	7,750,582	7,573,090	7,750,582	7,573,090
Interest on long-term debt	78,033	50,392	129,819	151,788	207,852	202,180
Total Expenses	<u>4,702,342</u>	<u>4,132,980</u>	<u>7,880,401</u>	<u>7,724,878</u>	<u>12,582,743</u>	<u>11,857,858</u>
Transfers	<u>(98,700)</u>	<u>(98,700)</u>	<u>98,700</u>	<u>98,700</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(117,019)	401,048	3,366,285	725,461	3,249,266	1,126,509
Net position - beginning	<u>12,633,864</u>	<u>12,232,816</u>	<u>24,276,776</u>	<u>23,551,315</u>	<u>36,910,640</u>	<u>35,784,131</u>
Net position - ending	<u>\$ 12,516,845</u>	<u>\$ 12,633,864</u>	<u>\$ 27,643,061</u>	<u>\$ 24,276,776</u>	<u>\$ 40,159,906</u>	<u>\$ 36,910,640</u>

Governmental activities: Net position of the governmental activities of the District's decreased by \$117,019.

Business type activities. Business-type activities increased the District's net position by \$3,366,285.

TRINITY BAY CONSERVATION DISTRICT

Management’s Discussion and Analysis
For The Year Ended September 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental funds. The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Revenues for the District’s governmental fund types (the General Fund) totaled \$4.7 million in 2024, an increase of \$65,834 from 2023. Revenues in 2024 included property taxes of \$4.2 million compared to \$4.2 million in 2023. Total expenditures were \$4.5 million with \$452,653 of capital expenditures. Governmental expenditures included 71.9% of the expenditures for drainage maintenance and improvements, 19.3% were for general administrative services of the District, and debt service accounted for the remaining 8.8% of expenditures.

Budgetary Highlights

Budget changes were made to the original budget during the year to the General Fund. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund, can be found on page 52 and the Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual – Water and Wastewater Fund on page 53. Revenues for the Governmental Funds were below budgeted amounts by 10.4%, while Water and Wastewater Fund revenues were above budgeted amounts by 1.9%. Governmental Funds operating expenditures were under budget by 20.6%, while Enterprise Funds operating expenses (excluding depreciation) were under budget by 16.0%. Governmental Funds exceeded budget in Repairs and Maintenance by \$177,490 and Contract and Outside Services by \$90,523. Water and Wastewater Fund exceeded budget in five categories, the largest being Professional Fees by \$172,298.

Capital Assets

The Trinity Bay Conservation District’s investment in capital assets at September 30, 2024, was \$38,045,895 net of accumulated depreciation. This investment in capital assets includes land, buildings, utility systems, infrastructure, machinery and equipment, and represents a net increase of \$914,755 after considering current depreciation expense of \$2,534,920.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ -	\$ -	\$ 1,107,128	\$ 1,107,128	\$ 1,107,128	\$ 1,107,128
Easements	681,333	681,333	-	-	681,333	681,333
Construction in progress	-	-	80,020	362,000	80,020	362,000
Right to use - leased equipment	26,416	18,138	26,416	18,138	52,832	36,276
Subscription asset	54,853	54,853	54,853	54,853	109,706	109,706
Buildings and improvements	-	-	3,794,315	3,794,315	3,794,315	3,794,315
Infrastructure	13,101,300	13,101,300	49,492,714	46,266,813	62,594,014	59,368,113
Machinery and equipment	5,562,989	5,884,570	1,378,075	1,369,558	6,941,064	7,254,128
Automobiles and trucks	827,590	896,471	810,224	617,742	1,637,814	1,514,213
Furniture and fixtures	125,605	177,136	113,352	113,352	238,957	290,488
Total at historical cost	20,380,086	20,813,801	56,857,097	53,703,899	77,237,183	74,517,700
Total accumulated depreciation	<u>(10,591,179)</u>	<u>(10,368,296)</u>	<u>(28,600,109)</u>	<u>(27,018,264)</u>	<u>(39,191,288)</u>	<u>(37,386,560)</u>
Capital assets, net	<u>\$ 9,788,907</u>	<u>\$ 10,445,505</u>	<u>\$ 28,256,988</u>	<u>\$ 26,685,635</u>	<u>\$ 38,045,895</u>	<u>\$ 37,131,140</u>

TRINITY BAY CONSERVATION DISTRICT

Management’s Discussion and Analysis
For The Year Ended September 30, 2024

Long-Term Debt

At September 30, 2024, the Trinity Bay Conservation District had \$5.5 million of long-term debt outstanding. More detailed information about the District’s debt is presented in the notes to the financial statements.

LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Leases Payable	\$ 18,732	\$ 16,426	\$ 18,732	\$ 16,426	\$ 37,464	\$ 32,852
SBITA Payable	25,727	43,895	25,726	43,895	51,453	87,790
Finance Agreements	1,169,561	1,494,607	306,114	152,198	1,475,675	1,646,805
Bonds payable, 2014 Series	-	-	2,270,000	2,360,000	2,270,000	2,360,000
Bonds payable, 2012 Series	-	-	1,490,000	2,195,000	1,490,000	2,195,000
Unamortized Bond Premium	-	-	151,701	198,358	151,701	198,358
Total bonded debt	<u>\$ 1,214,020</u>	<u>\$ 1,554,928</u>	<u>\$ 4,262,273</u>	<u>\$ 4,965,877</u>	<u>\$ 5,476,293</u>	<u>\$ 6,520,805</u>

Total long-term debt at September 30, 2024 decreased \$1,044,512 from the prior year. For the fiscal year ended September 30, 2024, interest expense was \$207,852.

Economic Factors and Next Year’s Budgets

General fund revenues are budgeted at \$5.6 million. Property tax revenues for 2025 for the general fund are budgeted at \$4.4 million, which is an increase of \$194,589 as compared September 30, 2024 reported income.

Expenditures for the general fund are budgeted at \$5.6 million for the fiscal year ending September 30, 2025, as compared to actual expenditures of \$4,548,706 million for the fiscal year just ended.

Water and wastewater revenue are budgeted at \$8.7 million, which is an increase of \$392,314 from actual revenue (excluding the Gift in Kind of \$2,863,901) for the fiscal year just ended.

Budgeted expenses for the water and wastewater fund, prior to depreciation and debt service are \$7.7 million for operations and \$981,300 for debt service. Actual expenses for the year ended September 30, 2024, prior to capitalization of fixed assets, was \$6.1 million for operations and projects, and \$785,000 related to debt service.

Requests for Information

This financial report is designed to provide a general overview of the Trinity Bay Conservation District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District’s Financial Department.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TRINITY BAY CONSERVATION DISTRICT

STATEMENT OF NET POSITION SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,585,528	\$ 1,216,017	\$ 4,801,545
Taxes Receivable, Net	319,972	-	319,972
Accounts Receivable, Net	-	1,035,287	1,035,287
Due from Other Governments	24,760	-	24,760
Due from Other Funds	(81,993)	81,993	-
Prepaid Items	241,111	241,111	482,222
Inventories	-	169,383	169,383
Restricted Cash and Cash Equivalents - Noncurrent	-	2,104,162	2,104,162
Capital Assets:			
Land Purchase and Improvements	-	1,107,128	1,107,128
Construction in Progress	-	80,020	80,020
Easements, Net	681,333	-	681,333
Buildings, Net	-	3,022,337	3,022,337
Infrastructure, Net	7,019,128	23,310,076	30,329,204
Machinery and Equipment, Net	2,046,578	695,559	2,742,137
Right to use - leased equipment	17,489	17,489	34,978
SBITA Asset, Net	24,379	24,379	48,758
Total Assets	<u>13,878,285</u>	<u>33,104,941</u>	<u>46,983,226</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	410,740	410,740	821,480
Total Deferred Outflows of Resources	<u>410,740</u>	<u>410,740</u>	<u>821,480</u>
LIABILITIES			
Accounts Payable	28,552	46,697	75,249
Wages and Salaries Payable	52,767	75,647	128,414
Compensated Absences Payable	31,038	50,616	81,654
Customer Deposits	-	922,889	922,889
Intergovernmental Payable	-	21,722	21,722
Accrued Interest Payable	-	17,607	17,607
Leases Payable - Current	5,622	5,622	11,244
SBITA Payable - Current	19,129	19,128	38,257
Bonds Payable - Current	-	876,657	876,657
Finance Agreements - Current	342,988	89,886	432,874
Noncurrent Liabilities:			
Leases Payable - Long-Term	13,110	13,110	26,220
SBITA Payable - Long-Term	6,598	6,598	13,196
Bonds Payable - Long-Term	-	2,930,000	2,930,000
Unamortized Premiums (Discounts) on Bonds	-	105,044	105,044
Finance Agreements - Long-Term	826,573	216,228	1,042,801
Net Pension Liability	320,639	320,639	641,278
Compensated Absences - Long-Term	46,557	75,923	122,480
Total Liabilities	<u>1,693,573</u>	<u>5,794,013</u>	<u>7,487,586</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	78,607	78,607	157,214
Total Deferred Inflows of Resources	<u>78,607</u>	<u>78,607</u>	<u>157,214</u>
NET POSITION			
Net Investment in Capital Assets	8,574,886	23,977,108	32,551,994
Restricted for Debt Service	-	1,199,856	1,199,856
Unrestricted	3,941,959	2,466,097	6,408,056
Total Net Position	<u>\$ 12,516,845</u>	<u>\$ 27,643,061</u>	<u>\$ 40,159,906</u>

The accompanying notes are an integral part of these financial statements.

TRINITY BAY CONSERVATION DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Expenses	Program Revenues
Primary Government		Charges for Services
GOVERNMENTAL ACTIVITIES:		
General Administration	\$ 879,229	\$ -
Drainage	3,745,080	-
Interest on Debt	78,033	-
Total Governmental Activities	4,702,342	-
 BUSINESS-TYPE ACTIVITIES:		
Water and Wastewater	7,880,401	7,863,135
Total Business-Type Activities	7,880,401	7,863,135
TOTAL PRIMARY GOVERNMENT	\$ 12,582,743	\$ 7,863,135

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Other Taxes

Penalty and Interest on Taxes

Grants and Project Revenue

Gain (loss) from Disposal of Capital Assets

Miscellaneous Revenue

Investment Earnings

Gift in Kind - Hankamer WTP

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (879,229)	\$ -	\$ (879,229)
(3,745,080)	-	(3,745,080)
(78,033)	-	(78,033)
(4,702,342)	-	(4,702,342)
-	(17,266)	(17,266)
-	(17,266)	(17,266)
(4,702,342)	(17,266)	(4,719,608)
4,169,304	-	4,169,304
3,493	-	3,493
63,782	-	63,782
132,888	-	132,888
127,750	16,550	144,300
107,315	362,995	470,310
79,491	41,405	120,896
-	2,863,901	2,863,901
(98,700)	98,700	-
4,585,323	3,383,551	7,968,874
(117,019)	3,366,285	3,249,266
12,633,864	24,276,776	36,910,640
\$ 12,516,845	\$ 27,643,061	\$ 40,159,906

FUND FINANCIAL STATEMENTS

TRINITY BAY CONSERVATION DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2024

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,554,106	\$ 31,423	\$ 3,585,529
Taxes Receivable	457,103	-	457,103
Allowance for Uncollectible Taxes (credit)	(137,131)	-	(137,131)
Due from Other Governments	24,760	-	24,760
Due from Other Funds	31,423	-	31,423
Prepaid Expense	241,111	-	241,111
Total Assets	\$ 4,171,372	\$ 31,423	\$ 4,202,795
LIABILITIES			
Accounts Payable	\$ 28,553	\$ -	\$ 28,553
Wages and Salaries Payable	52,767	-	52,767
Due to Other Funds	81,993	31,423	113,416
Total Liabilities	163,313	31,423	194,736
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	299,499	-	299,499
Total Deferred Inflows of Resources	299,499	-	299,499
FUND BALANCES			
Unassigned Fund Balance	3,708,560	-	3,708,560
Total Fund Balances	3,708,560	-	3,708,560
Total Liabilities, Deferred Inflows & Fund Balances	\$ 4,171,372	\$ 31,423	\$ 4,202,795

The accompanying notes are an integral part of these financial statements.

TRINITY BAY CONSERVATION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2024

Total Fund Balances - Governmental Funds	\$ 3,708,560
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	299,499
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	9,764,528
SBITA assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	24,379
Long-term liabilities, including capital lease liabilities and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(1,291,615)
Net pension liabilities are not available to pay for current expenditures, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	11,494
Net Position of Governmental Activities	<u><u>\$ 12,516,845</u></u>

The accompanying notes are an integral part of these financial statements.

TRINITY BAY CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	\$ 4,171,952	\$ -	\$ 4,171,952
Other Taxes	3,493	-	3,493
Penalty and Interest on Taxes	63,782	-	63,782
Investment Earnings	79,491	-	79,491
Other Revenue	367,954	-	367,954
Total Revenues	4,686,672	-	4,686,672
EXPENDITURES:			
Current:			
General Administration:			
Personnel Costs	218,779	-	218,779
Professional Fees	27,354	-	27,354
Contract and Outside Services	243,774	-	243,774
Repairs and Maintenance	4,803	-	4,803
Utilities	26,715	-	26,715
Sundry	(216)	-	(216)
Supplies	358,813	-	358,813
Drainage:			
Personnel Costs	1,830,673	-	1,830,673
Pension Plan Contributions	213,740	-	213,740
Professional Fees	83,282	-	83,282
Contract and Outside Services	220,580	-	220,580
Repairs and Maintenance	467,587	-	467,587
Capital Expenditures	452,653	-	452,653
Debt Service:			
Principal on Debt	325,046	-	325,046
Interest on Debt	75,123	-	75,123
Total Expenditures	4,548,706	-	4,548,706
Excess (Deficiency) of Revenues Over (Under) Expenditures	137,966	-	137,966
OTHER FINANCING SOURCES (USES):			
Other Financing Sources-Leases and SBITA's Transfers Out (Use)	8,278	-	8,278
Total Other Financing Sources (Uses)	(98,700)	-	(98,700)
Net Change in Fund Balances	47,544	-	47,544
Fund Balance - October 1 (Beginning)	3,661,016	-	3,661,016
Fund Balance - September 30 (Ending)	\$ 3,708,560	\$ -	\$ 3,708,560

The accompanying notes are an integral part of these financial statements.

TRINITY BAY CONSERVATION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2024

Total Net Change in Fund Balances - Governmental Funds	\$ 47,544
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(2,648)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements.	235,018
Depreciation and amortization are not recognized as expenditures in the governmental funds since they do not require the use of current financial resources.	(870,213)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt, leases and SBITA's consume the current financial resources of governmental funds. These transactions, however, have no effect on net position.	319,506
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds. These include changes in net pension asset, and compensated absences.	153,774
Change in Net Position of Governmental Activities	<u><u>\$ (117,019)</u></u>

The accompanying notes are an integral part of these financial statements.

TRINITY BAY CONSERVATION DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND SEPTEMBER 30, 2024

	Business-Type Activities
	Water and Wastewater
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,216,017
Accounts Receivable, Net	1,035,287
Due from Other Funds	81,993
Prepaid Expenses	241,111
Inventories	169,383
Total Current Assets	<u>2,743,791</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents - Noncurrent	2,104,162
Capital Assets:	
Land Purchase and Improvements	1,107,128
Construction in Progress	80,020
Buildings and Improvements	3,794,315
Accumulated Depreciation - Buildings and Improvements	(771,978)
Infrastructure	49,492,714
Accumulated Depreciation - Infrastructure	(26,182,638)
Machinery and Equipment	2,301,651
Accumulated Depreciation - Machinery and Equipment	(1,606,092)
Right to Use - Leased Equipment	26,416
Accumulated Depreciation - Right to Use - Leased Equipment	(8,927)
SBITA Asset	54,853
Accumulated Amortization - SBITA	(30,474)
Total Noncurrent Assets	<u>30,361,150</u>
Total Assets	<u>33,104,941</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	410,740
Total Deferred Outflows of Resources	<u>410,740</u>

The accompanying notes are an integral part of these financial statements.

	Business-Type Activities
	Water and Wastewater
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 46,697
Wages and Salaries Payable	75,647
Compensated Absences Payable	50,616
Customer Deposits	922,889
Intergovernmental Payable	21,722
Accrued Interest Payable	17,607
Leases Payable - Current	5,622
SBITA Payable - Current	19,128
Bonds Payable - Current	876,657
Finance Agreements - Current	89,886
Total Current Liabilities	<u>2,126,471</u>
Noncurrent Liabilities:	
Leases Payable - Long-Term	13,110
SBITA Payable - Long-Term	6,598
Bonds Payable - Long-Term	2,930,000
Unamortized Premiums (Discounts) on Bonds	105,044
Finance Agreements - Long-Term	216,228
Net Pension Liability	320,639
Compensated Absences - Long-Term	75,923
Total Noncurrent Liabilities	<u>3,667,542</u>
Total Liabilities	<u>5,794,013</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	<u>78,607</u>
Total Deferred Inflows of Resources	<u>78,607</u>
NET POSITION	
Net Investment in Capital Assets	23,977,108
Restricted for Debt Service	1,199,856
Unrestricted	<u>2,466,097</u>
Total Net Position	<u>\$ 27,643,061</u>

TRINITY BAY CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities
	Water and Wastewater
OPERATING REVENUES:	
Charges for Services	\$ 7,863,135
Other Revenue	362,995
Total Operating Revenues	8,226,130
OPERATING EXPENSES:	
Operating Expenses	
Personnel Costs	2,519,247
Professional Fees and Outside Services	1,114,860
Repairs and Maintenance	1,219,541
Other Operating Costs	371,377
Supplies	860,849
	6,085,874
Depreciation	1,640,487
Amortization	24,221
Total Operating Expenses	7,750,582
Operating Income (Loss)	475,548
NONOPERATING REVENUES (EXPENSES):	
Investment Earnings	41,405
Gain (loss) from Disposal of Capital Assets	16,550
Gift in Kind - Hankamer WTP	2,863,901
Interest Expense	(129,819)
Total Nonoperating Revenue (Expenses)	2,792,037
Income Before Transfers	3,267,585
Nonoperating Transfers In (Out)	98,700
Change in Net Position	3,366,285
Total Net Position - October 1 (Beginning)	24,276,776
Total Net Position - September 30 (Ending)	\$ 27,643,061

The accompanying notes are an integral part of these financial statements.

TRINITY BAY CONSERVATION DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities
	Water and Wastewater
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 7,700,342
Cash Received from Assessments - Others	362,995
Cash Payments to Employees for Services	(2,657,362)
Cash Payments for Suppliers	(3,713,233)
Net Cash provided by Operating Activities	1,692,742
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfer from Other Funds	98,700
Net Cash Provided by (Used for) Non-Capital Financing Activities	98,700
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Net Proceeds from Sale of Capital Assets	16,550
Acquisition of Capital Assets	(179,794)
Interest Paid on Debt	(179,897)
Retirement of Long-Term Debt	(849,313)
Customer Security Deposit	32,925
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,159,529)
<u>Cash Flows from Investing Activities:</u>	
Interest Received on Investments	41,405
Net Decrease in Cash and Cash Equivalents	673,318
Cash and Cash Equivalents at the Beginning of the Year	2,646,861
Cash and Cash Equivalents at the End of the Year	\$ 3,320,179

The accompanying notes are an integral part of these financial statements.

TRINITY BAY CONSERVATION DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2024 (CONTINUED)

	Business-Type Activities
	Water and Wastewater
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss)	\$ 475,548
Adjustments to Reconcile Operating Income	
To Net Cash Provided by Operating Activities:	
Depreciation and Amortization	1,664,708
Effect of Increases and Decreases in Current	
Assets and Liabilities:	
Decrease (Increase) in Receivables	(162,793)
Decrease (Increase) in Prepaid Expenses	(20,668)
Decrease (Increase) in Inventories	(69,675)
Increase (Decrease) in Accounts Payable	(56,272)
Increase (Decrease) in Wages Payable	12,146
Increase (Decrease) in Compensated Absences Payable	(4,817)
Increase (Decrease) in Intergovernmental Payable	9
Increase (Decrease) in Pension Accounts	(145,444)
Net Cash Provided by Operating Activities	\$ 1,692,742
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents	\$ 1,216,017
Restricted Cash and Cash Equivalents	2,104,162
Total Cash and Cash Equivalents	\$ 3,320,179

During the fiscal year ended September 30, 2024, the water and wastewater infrastructure additions included \$2,863,901 in noncash gift in kind. The water and wastewater fund also had \$192,366 of noncash equipment and leases financed during the fiscal year ended September 30, 2024.

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements include the accounts of all District operations. The measure for including organizations as component units of the District was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic, but not the only, criteria for inclusion is the degree of oversight responsibility maintained by the Board of Directors. Examples of oversight responsibility include financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, no potential component unit has been excluded from these statements. There are no component units included in the District's reporting entity.

Reporting entity

Trinity Bay Conservation District (the District) was organized in 1949, under the provision of Section 59, Article XVI of the Constitution of the State of Texas. The District is located within Chambers and Jefferson Counties. The District operates under a Board of Directors comprised of five members elected by the citizens residing within the District. It is the Board of Directors' responsibility to appoint a general manager who is the chief administrator and executive officer of the District.

The District's major operations include maintenance of drainage facilities within the District. Additionally, the District operates an enterprise fund for the provision of water and wastewater services. The District operates under Chapter 49 of the Texas Water Code.

The following is a summary of the District's more significant accounting policies:

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Statements

The Statement of Net Position and the Statement of Activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed through user charges.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Government-Wide Statements (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. Separate financial statements are provided for governmental funds and proprietary funds. The focus of governmental and proprietary fund financial statements is on the major funds rather than reporting funds by type. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Governmental Fund Types

All governmental funds are reported using *modified accrual basis of accounting and the current financial resources measurement focus*. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Revenues are considered to be available when they are collectible within 60 days of the current fiscal period or soon enough thereafter to pay liabilities of the current period. Property taxes receivable, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property taxes are recorded and deferred until they become available. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The District has the following major governmental fund:

General Fund - This fund is the general operating fund of the District and is used to account for resources and functions traditionally associated with governments that are not required to be accounted for in another fund.

Additionally, the District reports the following other governmental fund:

Capital Projects Fund - This fund is used to account for all major capital expenditures not financed by the proprietary or trust funds. The District has a capital project fund for drainage construction projects funded primarily by capital grants.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Proprietary Fund Types

All proprietary funds are accounted for using the *accrual basis of accounting* and the *economic resources measurement focus*. These funds account for operations that are primarily financed by user charges. Revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating expenses of the District's proprietary fund include the personnel costs, costs of operating the systems, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District's fund included in this category is the Water and Wastewater Fund. The Water and Wastewater Fund is used to account for operations financed and operated in a manner similar to private business enterprises, where the intent of the Board is that the cost of providing certain goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges for those services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, as applicable to governmental entities, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

Prior to September 30, of each year, the District adopts a budget for the fiscal year beginning October 1, of that year. The budget, which includes anticipated revenues and expenditures, is adopted for the Governmental Fund Types and all Proprietary Funds. The budget is amended by the District as needed throughout the year.

Interfund Transactions and Balances

Interfund transactions intended to reflect the transfer of resources between funds are reflected as transfers. Certain transactions representing short-term liabilities between funds are recorded as receivables and payables in the respective funds at the time the transactions are reported on the fund basis statements.

Cash and Time Deposits

Cash in excess of current operating requirements is invested in time deposits in order to earn a higher rate of interest. The District generally does not invest in any other securities. For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of one year or less when purchased to be cash equivalents. Cash deposits and certificates of deposit are reported at their carrying amount, which reasonably estimates fair value.

Accounts Receivable

Accounts receivable from water and wastewater services are presented net of the allowance for doubtful accounts of \$117,379 at September 30, 2024. The decrease in the allowance of \$362,575 is primarily due to the District writing off a large number of uncollectible accounts during March of 2024.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Restricted Assets

The Water and Wastewater Enterprise Fund, based on certain bond covenants, is required to establish and maintain resources (cash and temporary investments) that can be used to service outstanding debt. Additionally, funds collected for construction and meter deposits are segregated and restricted for future disposition.

Inventory

Inventories of materials and supplies are maintained for the drainage operations of the general fund and for the proprietary funds. The inventory in each fund is recorded at cost (first-in, first-out basis), which is lower than market.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Infrastructure such as drainage systems are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. The minimum capitalization threshold is any individual item with a total cost greater than \$2,000.

Major outlays for capital asset construction and improvements are capitalized as construction-in-progress as projects are constructed. Upon completion, the projects are transferred to depreciable assets.

Capital assets are being depreciated using the straight-line method and depreciation expense for governmental assets is specifically identified by function with general assets being allocated based on a percentage of governmental functional expenditures over total governmental expenditures. Depreciation expense for the proprietary funds is recorded in each respective proprietary fund. The following estimated useful lives are used for calculating depreciation expense:

<u>Assets</u>	<u>Years</u>
Infrastructure	15 – 40
Building & Improvements	15 – 40
Systems	15 – 40
Vehicles	5 – 7
Machinery & Equipment	5 – 10
Office Equipment	3 – 5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an addition to net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Leases

The District is a lessee for noncancellable leases of office equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over its useful life.

The District used the interest rate charged by the lessor as the discount rate if available. When the interest rate charged by the lessor is not available, the District uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are the fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

Governmental Accounting Standards Board (GASB) Statement No. 54-*Fund Balance Reporting and Government Fund Type Definitions* establishes fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

In the fund financial statements, governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Directors through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the Board of Directors. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in any other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fund Balances (Continued)

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position is reported as restricted when constraints placed on net position are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Subscription-Based Information Technology Arrangements (SBITA)

The District entered into a contract that conveys control of the right to use another party's information technology (IT) software. The District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The SBITA liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the SBITA liability is reduced by the principal portion of payments made. The SBITA asset is measured as the initial amount of the SBITA liability, adjusted for payments made at or before the subscription term, plus capitalizable implementation costs, less any incentives received. The SBITA asset is amortized on a straight-line basis over its useful life.

The District used its estimated incremental borrowing rate as the discount rate. The SBITA term includes the noncancellable period of the lease. Lease payments included in the measurement of the SBITA liability are the fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the SBITA assets and liabilities if certain changes occur that are expected to significantly affect the amount of the SBITA liabilities. SBITA assets are reported with non-current assets and SBITA liabilities are reported with long-term liabilities on the statement of net position.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Change in Accounting Principle

GASB statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* was adopted effective October 1, 2023. GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections. The adoption of this standard did not result in a restatement of beginning fund balance or net position.

Subsequent Events

In accordance with ASC 855, the management of Trinity Bay Conservation District has evaluated subsequent events through December 23, 2024, the date on which the financial statements were available for issue.

2) **COMPLIANCE AND ACCOUNTABILITY**

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below:

None reported.

Deficit Fund Balance or Fund Net Assets of Individual Funds

No funds reported a deficit fund balance or deficit fund net assets at year-end.

3) **CASH DEPOSITS AND INVESTMENTS**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash Deposits

At September 30, 2024, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$6,905,707 and the bank balance was \$7,403,892. The District's cash deposits at September 30, 2024, and during the year ended September 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

The District is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

3) **CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments (Continued)

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments that are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and commercial paper.

District's investments at September 30, 2024 consisted solely of certificate of deposits in the amount of \$4,596,657. Cash and investments are reported as Cash and Cash Equivalents in the financial statements as follows:

	Cash	Investments	Total
Governmental activities - unrestricted	\$ 1,076,176	\$ 2,509,352	\$ 3,585,528
Business-type Activities - unrestricted	1,215,276	741	1,216,017
Business-type Activities - restricted			
Interest and Sinking Fund	17,598	199,958	217,556
Bond Reserve Fund	-	982,300	982,300
Customer Meter Deposits	-	904,306	904,306
	\$ 2,309,050	\$ 4,596,657	\$ 6,905,707

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year-end and if so, the reporting of certain related disclosures:

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2024, the District's investments were covered by collateral with a fair value equal to the investment. At year-end, the District was not significantly exposed to credit risk. At September 30, 2024 all certificates of deposit held were fully insured by the FDIC, or by pledged collateral held by the District's agent bank in the District's name.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

3) **CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

Analysis of Specific Deposit and Investment Risks (Continued)

Custodial Credit Risk: Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year-end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk: This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the District was not exposed to concentration of credit risk.

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to interest rate risk.

Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

4) **PROPERTY TAXES**

Taxable property within the District is subject to assessment, levy and collection of ad valorem taxes necessary to support the general governmental services. The Act under which the District was created provided for the levy of an operations and maintenance tax of \$0.25 per \$100 of assessed value. This rate was subsequently amended on May 2, 1957, to \$0.50 per \$100 of assessed value. The tax rate for debt service is unlimited. The total tax rate for the fiscal year ended September 30, 2024, was \$0.31497 per \$100 assessed valuation based on the total net assessed value of \$1,341,672,190.

Taxes are levied on October 1 of each year, and are payable without penalty or interest through the following January 31. The District recognizes property tax revenue when levied to the extent that it results in current receivables. Property taxes are collected and remitted to the District by the Chambers County and Jefferson County Tax Assessor Collectors' offices.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. However, as the District no longer has debt to service with tax collections, all delinquent taxes collected are now allocated to maintenance. Allowances for uncollectible taxes receivable of \$137,131 at September 30, 2024 are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

5) **DUE FROM OTHER GOVERNMENTS**

As of September 30, 2024, amounts due from other governments consisted of the following:

	Amount	Purpose
Governmental Activities:		
Due from Chambers County	\$ 13,791	Tax Collection Proceeds
Due from Chambers County	10,969	TxDOT bridge design costs
Total -- governmental activities	24,760	
Total - all funds	\$ 24,760	

6) **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables/payables are scheduled to be repaid within one year and consisted of the following:

	Receivable	Payable
General Fund		
Capital Projects	\$ 31,423	\$ -
Water and Wastewater	-	81,993
	31,423	81,993
Capital Projects		
General Fund	-	31,423
Water and Wastewater		
General Fund	81,993	-
Total	\$ 113,416	\$ 113,416

The outstanding balances between funds generally result from a time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The General Fund transferred \$98,700 to the Water and Wastewater Fund during the year ended September 30, 2024.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

7) **PROPERTY, PLANT AND EQUIPMENT**

Capital asset activity for the governmental activities for the year ended September 30, 2024, is described in the table below:

Governmental Activities	Balance October 1, 2023	Increases	Transfers and Retirements	Balance September 30, 2024
Capital assets, not being depreciated				
Easements	\$ 681,333	\$ -	\$ -	\$ 681,333
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>681,333</u>	<u>-</u>	<u>-</u>	<u>681,333</u>
Capital assets, being depreciated				
Office furniture, fixtures and equipment	177,136	-	(51,531)	125,605
Vehicles	896,471	44,506	(113,387)	827,590
Machinery and equipment	5,884,570	160,830	(482,411)	5,562,989
Infrastructure - Drainage	13,101,300	-	-	13,101,300
Right to use - leased equipment	18,138	8,278	-	26,416
Subscription asset	54,853	-	-	54,853
Total capital assets, being depreciated	<u>20,132,468</u>	<u>213,614</u>	<u>(647,329)</u>	<u>19,698,753</u>
Less accumulated depreciation				
Office furniture, fixtures and equipment	(159,688)	(2,103)	51,531	(110,260)
Vehicles	(453,640)	(96,767)	113,387	(437,020)
Machinery and equipment	(4,053,190)	(351,547)	482,411	(3,922,326)
Infrastructure - Drainage	(5,686,598)	(395,574)	-	(6,082,172)
Right to use - leased equipment	(2,990)	(5,937)	-	(8,927)
Subscription asset	(12,190)	(18,284)	-	(30,474)
Total accumulated depreciation	<u>(10,368,296)</u>	<u>(870,212)</u>	<u>647,329</u>	<u>(10,591,179)</u>
Total capital assets, being depreciation, net	<u>9,764,172</u>	<u>(656,598)</u>	<u>-</u>	<u>9,107,574</u>
Capital assets, net	<u>\$ 10,445,505</u>	<u>\$ (656,598)</u>	<u>\$ -</u>	<u>\$ 9,788,907</u>

Depreciation expense was charged to the functions/programs of the District as follows:

General Administration	\$ 2,103
Drainage	<u>868,109</u>
Total	<u>\$ 870,212</u>

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2024

7) **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Capital asset activity for the business-type activities for the year ended September 30, 2024, is described in the table below:

Business-type Activities	Balance October 1, 2023	Increases	Transfers and Retirements	Balance September 30, 2024
Capital assets, not being depreciated				
Land	\$ 1,107,128	\$ -	\$ -	\$ 1,107,128
Construction in progress	<u>362,000</u>	<u>2,943,921</u>	<u>(3,225,901)</u>	<u>80,020</u>
Total capital assets, not being depreciated	<u>1,469,128</u>	<u>2,943,921</u>	<u>(3,225,901)</u>	<u>1,187,148</u>
Capital assets, being depreciated				
Buildings and improvements	3,794,315	-	-	3,794,315
Office furniture, fixtures and equipment	113,352	-	-	113,352
Vehicles	617,742	275,345	(82,863)	810,224
Machinery and equipment	1,369,558	8,517	-	1,378,075
Right to use - leased equipment	18,138	8,278	-	26,416
Subscription asset	54,853	-	-	54,853
Infrastructure - Water and Wastewater	<u>46,266,813</u>	<u>-</u>	<u>3,225,901</u>	<u>49,492,714</u>
Total capital assets, being depreciated	<u>52,234,771</u>	<u>292,140</u>	<u>3,143,038</u>	<u>55,669,949</u>
Less accumulated depreciation				
Buildings and improvements	(676,823)	(95,155)	-	(771,978)
Office furniture, fixtures and equipment	(93,671)	(6,560)	-	(100,231)
Vehicles	(476,534)	(59,990)	82,863	(453,661)
Machinery and equipment	(983,528)	(68,672)	-	(1,052,200)
Right to use - leased equipment	(2,990)	(5,937)	-	(8,927)
Subscription asset	(12,190)	(18,284)	-	(30,474)
Infrastructure - Water and Wastewater	<u>(24,772,528)</u>	<u>(1,410,110)</u>	<u>-</u>	<u>(26,182,638)</u>
Total accumulated depreciation	<u>(27,018,264)</u>	<u>(1,664,708)</u>	<u>82,863</u>	<u>(28,600,109)</u>
Total capital assets, being depreciation, net	<u>25,216,507</u>	<u>(1,372,568)</u>	<u>3,225,901</u>	<u>27,069,840</u>
Capital assets, net	<u>\$ 26,685,635</u>	<u>\$ 1,571,353</u>	<u>\$ -</u>	<u>\$ 28,256,988</u>
			<u>\$ 1,664,708</u>	

Hankamer Wastewater Treatment Plant was completed during the fiscal year and is included in gift in kind noncash contributions. The plant was gifted to the District by Chambers County and represents the full amount of Construction in Progress transfers to Infrastructure – Water and Wastewater.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2024

8) **DUE TO OTHER GOVERNMENTS**

The District's obligations to other governments as of September 30, 2024, consisted of TCEQ fees in the amount of \$21,722.

9) **BONDED INDEBTEDNESS**

Bonded indebtedness activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue refunding bonds,					
Series 2012	\$ 2,195,000	\$ -	\$ (705,000)	\$ 1,490,000	\$ 730,000
Revenue bonds, Series 2014	2,360,000	-	(90,000)	2,270,000	100,000
Bond premiums	198,358	-	(46,657)	151,701	46,657
Total bonded debt	<u>\$ 4,753,358</u>	<u>\$ -</u>	<u>\$ (841,657)</u>	<u>\$ 3,911,701</u>	<u>\$ 876,657</u>

Revenue Refunding Bonds, Series 2012

During fiscal year 2012, the District issued Revenue Refunding bonds, Series 2012, with a face value of \$9,220,000, for the purpose of refunding all of the District's then outstanding bonds (Series 1998A, Series 1998B and Series 2002). The interest rates on the Series 2012 Bonds range from 2.0% to 3.5%. The bonds are secured and payable by a lien on the net revenues from the operations of the District's waterworks and sanitary sewer system, as defined in the bond order. The District is required to deposit monthly into an interest and sinking fund, an amount as will be sufficient to pay the principal and interest on the next payment date.

Additionally, the District is required to maintain a reserve fund equal to the largest year of future debt service. The reserve was fully funded at the time of issuance of the bonds. The reserve is to be used to pay the principal and interest on the bonds at any time when there is not sufficient money available in the interest and sinking fund for such purpose. If the reserve is reduced below the stated funding level, monthly deposits are to be made until the reserve fund has been restored.

There are a number of limitations, restrictions, and provisions contained in the bond indentures. The District is in compliance with all significant limitations, restrictions, and provisions.

Revenue Bonds, Series 2014

During fiscal year 2015, the District issued Revenue bonds, Series 2014, with a face value of \$2,910,000, for the purpose of constructing the District's office facilities. The interest rates on the Series 2014 Bonds range from 3.0% to 4.0%. The bonds are secured and payable by a lien on the net revenues from the operations of the District's waterworks and sanitary sewer system, as defined in the bond order. The District is required to deposit monthly into an interest and sinking fund, an amount as will be sufficient to pay the principal and interest on the next payment date.

Additionally, the District is required to maintain a reserve fund equal to the largest year of total future debt service with consideration of the 2012 Bonds reserve funds. The reserve was fully funded at the time of issuance of the bonds. The reserve is to be used to pay the principal and interest on the bonds at any time when there is not sufficient money available in the interest and sinking fund for such purpose. If the reserve is reduced below the stated funding level, monthly deposits are to be made until the reserve fund has been restored.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

9) **BONDED INDEBTEDNESS (CONTINUED)**

There are a number of limitations, restrictions, and provisions contained in the bond indentures. The District is in compliance with all significant limitations, restrictions, and provisions.

The following is a schedule of annual requirements necessary to amortize all bonded indebtedness outstanding of the Water and Wastewater Enterprise Fund as of September 30, 2024, including total principal of \$3,760,000 and total interest of \$640,750.

Due During Fiscal Years Ending September 30,	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest
2025	\$ 830,000	\$ 140,850	\$ 970,850
2026	870,000	112,300	982,300
2027	225,000	82,400	307,400
2028	235,000	73,400	308,400
2029	240,000	64,000	304,000
2030	250,000	54,400	304,400
2031	260,000	44,400	304,400
2032	270,000	34,000	304,000
2033	285,000	23,200	308,200
2034	295,000	11,800	306,800
	\$ 3,760,000	\$ 640,750	\$ 4,400,750

The amount available in the Water and Sewer Enterprise Fund debt service accounts as of September 30, 2024, is \$1,199,856 to service the above bonded indebtedness. This consists of \$217,556 in interest and sinking funds and \$982,300 in reserve funds.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

10) **OTHER LONG-TERM LIABILITIES**

From time to time the District will enter into financing agreements for the acquisition of capital assets. Interest rates for current agreements range from 3.75% to 6.75%. Finance agreements as of September 30, 2024 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Finance agreements	\$ 1,494,607	\$ -	\$ (325,046)	\$ 1,169,561	\$ 342,988
Total long-term liabilities	<u>\$ 1,494,607</u>	<u>\$ -</u>	<u>\$ (325,046)</u>	<u>\$ 1,169,561</u>	<u>\$ 342,988</u>
Business-type activities:					
Finance agreements	\$ 152,198	\$ 184,088	\$ (30,172)	\$ 306,114	\$ 89,886
Total long-term liabilities	<u>\$ 152,198</u>	<u>\$ 184,088</u>	<u>\$ (30,172)</u>	<u>\$ 306,114</u>	<u>\$ 89,886</u>

The annual principal and interest requirements are as follows:

<u>Due During Fiscal Years Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 342,988	\$ 57,180	\$ 89,913	\$ 5,547	\$ 495,628
2026	361,973	38,196	94,798	3,866	498,833
2027	320,753	18,470	99,979	2,097	441,299
2028	<u>143,847</u>	<u>3,328</u>	<u>21,424</u>	<u>371</u>	<u>168,970</u>
	<u>\$ 1,169,561</u>	<u>\$ 117,174</u>	<u>\$ 306,114</u>	<u>\$ 11,881</u>	<u>\$ 1,604,730</u>

11) **COMPENSATED ABSENCES PAYABLE**

District employees are entitled to certain compensated absences based on the length of their employment. Sick leave does not vest or accumulate and is recorded as an expenditure when paid. No employee will be paid for unused sick leave upon separation of employment, unless specified by contract. Vacation time may be carried from one year to the next year. Employees will be paid for unused vacation time up to one and one-half times their annual vacation days upon separation of employment. Unused accrued vacation in excess of these days will not be reimbursed.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

11) **COMPENSATED ABSENCES PAYABLE (CONTINUED)**

The liability for accumulated vacation benefits is reflected on the Statement of Net Position as follows:

	Governmental Activities	Business- Type Activities	Remaining Value
Compensated Absences:			
Current Portion	\$ 31,038	\$ 50,616	\$ 81,654
Long-term Portion	46,557	75,923	122,480
Total	\$ 77,595	\$ 126,539	\$ 204,134

12) **LEASES**

The District has three lease agreements as the lessee for equipment. The leases allow the right-to-use copiers and postage equipment over the term of the leases. The District is required to make monthly payments on all leases at its incremental borrowing rate or the interest rate stated within the lease. The District has evaluated the lease term and periods covered and it includes the noncancellable period, and if reasonably certain they will exercise options to extend. In addition, the District has considered the economic impact of not exercising options for the leases, as well as actions taken in the past. The District evaluated its lease portfolio and did not identify any residual value guarantees or variable payments.

Changes in right-to-use lease liability

Right to use lease liability activity for the year ended September 30, 2024, was as follows:

	Interest Rate	Lease Term In Years	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Copiers	6.50%	3	\$ 3,161	\$ -	\$ (2,495)	\$ 666	\$ 666
Postage equipment	3.75%	4	29,691	-	(7,049)	22,642	7,521
Phone equipment	6.50%	5	-	16,556	(2,401)	14,155	3,057
			\$ 32,852	\$ 16,556	\$ (11,945)	\$ 37,463	\$ 11,244

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2024

12) **LEASES (CONTINUED)**

Annual principal and interest requirements to maturity for the right-to-use lease liability is as follows:

Year Ended September 30	Principal	Interest	Total
2025	\$ 11,244	\$ 2,016	\$ 13,260
2026	11,287	1,303	12,590
2027	10,576	560	11,136
2028	3,713	153	3,866
2029	643	2	645
	\$ 37,463	\$ 4,034	\$ 41,497

The right-to-use lease liability is reflected on the Statement of Net Position as follows:

	Governmental Activities	Business- Type Activities	Total
Current Portion	\$ 5,622	\$ 5,622	\$ 11,244
Long-term Portion	13,110	13,110	26,220
Total	\$ 18,732	\$ 18,732	\$ 37,464

13) **SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The District has one contract subject to the requirements of GASB Statement No. 96 Subscription-Based Information Technology Arrangements (SBITA's). This arrangement is for technology services. The SBITA liability is the present value of the required payments using the district's incremental borrowing rate of 5.16%. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA asset is measured as the SBITA liability plus any capitalized expenditures incurred in the initial implementation stage. The SBITA asset is depreciated (amortized) using a straight-line depreciation method over the term of the SBITA arrangement. There were no additional commitments made before the commencement of the SBITA terms. There were no impairments or modifications to be reported during the fiscal year.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

13) **SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)**

The SBITA asset and accumulated amortization at September 30, 2024, was as follows:

	Term In Years	Total Asset Amount	Accumulated Amortization	Remaining Value
Technology	3	<u>\$ 109,706</u>	<u>\$ (60,948)</u>	<u>\$ 48,758</u>

SBITA liability activity for the year ended September 30, 2024, was as follows:

	Interest Rate	Lease Term In Years	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Technology	5.16%	3	<u>\$ 87,790</u>	<u>\$ -</u>	<u>\$ (36,337)</u>	<u>\$ 51,453</u>	<u>\$ 38,257</u>

Annual principal and interest requirements to maturity for the SBITA liability are as follows:

Year Ended September 30	Principal	Interest	Total
2025	\$ 38,257	\$ 1,587	\$ 39,844
2026	<u>13,196</u>	<u>85</u>	<u>13,281</u>
	<u>\$ 51,453</u>	<u>\$ 1,672</u>	<u>\$ 53,125</u>

The subscription based information technology arrangements are reflected on the Statement of Net Position as follows:

	Governmental Activities	Business- Type Activities	Total
SBITA Asset, net	<u>\$ 24,379</u>	<u>\$ 24,379</u>	<u>\$ 48,758</u>
SBITA Liability			
Current Portion	\$ 19,129	\$ 19,128	\$ 38,257
Long-term Portion	<u>6,598</u>	<u>6,598</u>	<u>13,196</u>
Total	<u>\$ 25,727</u>	<u>\$ 25,726</u>	<u>\$ 51,453</u>

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

14) **OTHER REQUIRED DISCLOSURES**

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of budget overages. The following categories exceeded budgeted amount for the year ended September 30, 2024:

	<u>General Fund</u>	<u>Enterprise Fund</u>
Personnel	\$ -	\$ 52,747
Repairs & maintenance	177,490	39,866
Professional fees	-	172,298
Utilities	-	21,917
Contract and outside services	90,523	17,054

15) **PENSION PLAN**

Plan Description

Trinity Bay Conservation District provides retirement, disability and survivor benefits for all of its full-time and part-time non-temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of separate nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at www.tcdrs.org.

Benefits provided

The Plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-finance benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

15) **PENSION PLAN (CONTINUED)**

Benefits provided (continued)

Benefit amounts are determined by sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of those monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At December 31, 2023, the following employees were covered by the benefit terms:

Current active members	42
Current inactive members	24
Current retirees and beneficiaries	<u>26</u>
	<u>92</u>

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 15.44% for the months of the accounting year in 2023 and 15.44% for the months of the accounting year in 2024. The contribution rate payable by the employee members for calendar years 2023 and 2024 is the rate of 7.00%, as adopted by the governing body of the employer.

Annual Pension Cost

For the employer's accounting year ended September 30, 2024, the annual pension cost for the TCDRS plan for its employees was \$461,114 and the actual contribution was \$461,114.

The required contribution was determined as part of the December 31, 2023 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2023 included (a) 7.5 percent investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.7 percent. Both (a) and (b) included an inflation component of 2.50 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2024

15) **PENSION PLAN (CONTINUED)**

Net Pension Liability / (Asset)

	December 31, 2022	December 31, 2023
Total pension liability	\$ 13,596,585	\$ 14,574,261
Fiduciary net position	12,512,214	13,932,983
Net pension liability / (asset)	\$ 1,084,371	\$ 641,278
Fiduciary net position as a % of total pension liability	92.02%	95.60%
Pensionable covered payroll ⁽¹⁾	\$ 2,692,914	\$ 3,162,349
Net pension liability as a % of covered payroll	40.27%	20.28%

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS.

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Discount Rate

	December 31, 2022	December 31, 2023
Discount rate ⁽²⁾	7.60%	7.60%
Long-term expected rate of return, net of investment expenses ⁽²⁾	7.60%	7.60%
Municipal bond rate ⁽³⁾	Does not apply	Does not apply

⁽²⁾ The rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

⁽³⁾ The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Other Key Actuarial Assumptions

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by the actuary and adopted by the TCDRS Board of Trustees in December 2021. All economic assumptions were recommended by the actuary and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2023. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

	Beginning Date	Ending Date
Valuation date	December 31, 2022	December 31, 2023
Measurement date	December 31, 2022	December 31, 2023
Employer's fiscal year	October 1, 2023	September 30, 2024

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2024

15) **PENSION PLAN (CONTINUED)**

Actuarial Methods and Assumptions Used for GASB Calculations

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.6% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Trinity Bay Conservation District are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages. The rates vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions(*)	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions(*)	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule 2019: No changes in plan provisions were reflected in the Schedule 2020: No changes in plan provisions were reflected in the Schedule 2021: No changes in plan provisions were reflected in the Schedule 2022: No changes in plan provisions were reflected in the Schedule 2023: No changes in plan provisions were reflected in the Schedule

⁽¹⁾ Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

^(*) Only changes that affect the benefit amount and that are effective 2015 and later are shown.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

15) **PENSION PLAN (CONTINUED)**

Actuarial Methods and Assumptions Used for Funding Valuation

Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	1.50%

The payroll growth assumption is for the aggregate covered payroll of an employer.

Long-term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater, LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2024

15) PENSION PLAN (CONTINUED)

Long-term Expected Rate of Return (Continued)

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) index	5.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment - Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Assoc. Distressed Securities Index ⁽³⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

⁽¹⁾ Target asset allocation adopted at the March 2024 TCDRS Board Meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1) calculated using the municipal bond rate.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

15) **PENSION PLAN (CONTINUED)**

Discount Rate (Continued)

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments.

The funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act are such that a depletion is not projected to occur.

Since the fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. For GASB 68 this long-term assumed rate of return is net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60% which reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

15) **PENSION PLAN (CONTINUED)**

Changes in Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2022	\$ 13,596,585	\$ 12,512,214	\$ 1,084,371
Changes for the year:			
Service Cost	387,642	-	387,642
Interest on total pension liability ⁽¹⁾	1,038,016	-	1,038,016
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	216,440	-	216,440
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(34,237)	(34,237)	-
Benefit payments	(630,184)	(630,184)	-
Administrative expenses	-	(7,275)	7,275
Member contributions	-	221,364	(221,364)
Net Investment income	-	1,375,553	(1,375,553)
Employer contributions	-	488,267	(488,267)
Other ⁽³⁾	-	7,282	(7,282)
	\$ 14,574,262	\$ 13,932,984	\$ 641,278
Balances as of December 31, 2023	\$ 14,574,262	\$ 13,932,984	\$ 641,278

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the employer, calculated using the discount rate of 7.60%, as well as what the Trinity Bay Conservation District net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (6.60%) or 1 percent higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
	6.60%	7.60%	8.60%
Total pension liability	\$ 16,469,048	\$ 14,574,261	\$ 12,977,523
Fiduciary net position	13,932,983	13,932,983	13,932,983
Net pension liability / (asset)	\$ 2,536,065	\$ 641,278	\$ (955,460)

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

15) **PENSION PLAN (CONTINUED)**

Pension Expense / (Income)

		January 1, 2023 to December 31, 2023
Service cost	\$	387,642
Interest on total pension liability ⁽¹⁾		1,038,016
Effect on plan changes		-
Administrative expenses		7,275
Member contributions		(221,364)
Expected investment return net of investment expenses		(952,615)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses		11,790
Recognition of assumption changes or inputs		124,410
Recognition of investment gains or losses		(217,646)
Other ⁽²⁾		(7,282)
 Pension expense / (income)	 \$	 <u>170,226</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items.

Deferred inflows and outflows of resources are as follows as of December 31, 2023:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 157,214	\$ 175,750
Changes of assumption	-	248,819
Net difference between projected and actual earnings	-	62,397
	157,214	486,966
Contributions made subsequent to measurement date	n/a	334,514
	<u>\$ 157,214</u>	<u>\$ 821,480</u>

Amounts currently reported as deferred outflows of resources and deferred inflow of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expenses as follows:

Year ended December 31:	
2024	\$ 43,134
2025	72,359
2026	298,845
2027	(84,586)
2028	-
Thereafter	-

TRINITY BAY CONSERVATION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

15) **PENSION PLAN (CONTINUED)**

Allocation of Pension Amounts to Funds or Departments

Governmental Accounting Standards Board Statement No. 68 does not establish specific requirements for allocation of the net pension liability or other pension-related amounts to individual funds or departments.

GASB Implementation Guide 2015-1 question 5.129.1 states: For proprietary and fiduciary funds, consideration should be given to NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, paragraph 42, as amended, which requires that long-term liabilities that are directly related to and expected to be paid from those funds be reported in the statement of net position. During the year ended September 30, 2024, management elected to allocate the accounting and reporting of pension-related activity between the General Fund and the Proprietary Fund.

16) **COMMITMENTS AND CONTINGENCIES**

The District is a party to various claims and legal actions arising in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance or if not so covered, are without merit, or involve such amounts that unfavorable disposition would not have a material effect on the operation of the District.

17) **TAX ABATEMENTS**

The Trinity Bay Conservation District is committed to an expansion of its tax base, an increase to its population, the promotion of development in the District, and to an ongoing improvement in the quality of life for its residents. The District offers tax abatements for new and existing industries that bring new wealth within the boundaries of the District. Property eligible for tax abatement per the guidelines and criteria is defined as: property utilized by new and existing industries expected to result in an addition to the tax base of at least \$500,000 after the period of abatement expires. As provided in the Act, abatement may only be granted for the value of eligible property subsequent to and listed in an abatement agreement between the District and the property owner where the District has, by official action, expressed an intent to be bound by the terms of the agreement in accordance with Section 312.206(a) of the Texas Property Code.

Upon determination that all requirements for tax abatement have been satisfied by the applicant, the value and terms of the abatements will be for a period of eight (5) years in accordance with the Value and Term Abatement established in resolution no. 16-11 of the Board of Directors of the District. Abatement shall be granted effective with the January 1 valuation date immediately following the date of approval of the abatement agreement and completion of construction of the property.

For the fiscal year ended September 30, 2024, there were no tax abatements.

18) **RECLASSIFICATION OF PRIOR PERIOD PRESENTATION**

Certain prior period balances have been reclassified for consistency with the current year presentation.

REQUIRED SUPPLEMENTARY INFORMATION

TRINITY BAY CONSERVATION DISTRICT

SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Total Pension Liability			
Service cost	\$ 387,642	\$ 336,559	\$ 341,293
Interest on total pension liability	1,038,016	995,472	956,380
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	-	1,782
Effect of economic/demographic (gains) or losses	216,440	(144,322)	(145,048)
Benefit payments/refunds of contributions	(664,421)	(693,079)	(579,596)
Net change in total pension liability	977,677	494,630	574,811
Total pension liability, beginning	13,596,585	13,101,955	12,527,144
Total pension liability, ending (a)	14,574,262	13,596,585	13,101,955
Fiduciary Net Position			
Employer contributions	488,267	415,796	391,905
Member contributions	221,364	188,504	177,677
Investment income net of investment expenses	1,375,553	(777,185)	2,412,546
Benefit payments/refunds of contributions	(664,421)	(693,079)	(579,596)
Administrative expenses	(7,275)	(7,332)	(7,242)
Other	7,282	(1,312)	2,742
Net change in fiduciary net position	1,420,770	(874,608)	2,398,032
Fiduciary net position, beginning	12,512,214	13,386,822	10,988,790
Fiduciary net position, ending (b)	13,932,984	12,512,214	13,386,822
Net pension liability / (asset), ending = (a) - (b)	\$ 641,278	\$ 1,084,371	\$ (284,867)
Fiduciary net position as a % of total pension liability	95.60%	92.02%	102.17%
Pensionable covered payroll	\$ 3,162,349	\$ 2,692,914	\$ 2,538,242
Net pension liability as a % of covered payroll	20.28%	40.27%	-11.22%

See Independent Auditor's Report on Supplementary Information.

Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 363,225	\$ 318,356	\$ 300,678	\$ 282,338	\$ 292,558	\$ 239,916	\$ 233,778
903,634	832,415	767,222	705,447	642,780	599,247	551,401
-	-	-	-	-	(56,493)	-
744,321	-	-	17,221	-	56,442	-
(37,802)	80,530	50,582	43,379	(36,913)	(82,650)	27,659
<u>(468,844)</u>	<u>(327,736)</u>	<u>(334,751)</u>	<u>(274,569)</u>	<u>(253,170)</u>	<u>(236,857)</u>	<u>(213,843)</u>
1,504,534	903,565	783,731	773,816	645,255	519,605	598,995
<u>11,022,610</u>	<u>10,119,045</u>	<u>9,335,314</u>	<u>8,561,498</u>	<u>7,916,243</u>	<u>7,396,638</u>	<u>6,797,643</u>
<u>12,527,144</u>	<u>11,022,610</u>	<u>10,119,045</u>	<u>9,335,314</u>	<u>8,561,498</u>	<u>7,916,243</u>	<u>7,396,638</u>
430,524	448,206	378,993	361,041	335,565	324,450	305,717
195,186	203,202	171,823	163,685	152,134	147,095	138,602
1,014,751	1,338,472	(148,188)	1,001,585	454,562	(116,686)	366,990
(468,844)	(327,736)	(334,751)	(274,569)	(253,170)	(236,857)	(213,843)
(8,041)	(7,483)	(6,548)	(5,376)	(4,940)	(4,380)	(4,419)
<u>5,614</u>	<u>12,450</u>	<u>7,250</u>	<u>3,301</u>	<u>21,913</u>	<u>(5,416)</u>	<u>(9,035)</u>
1,169,190	1,667,111	68,579	1,249,667	706,064	108,206	584,012
<u>9,819,600</u>	<u>8,152,489</u>	<u>8,083,910</u>	<u>6,834,243</u>	<u>6,128,179</u>	<u>6,019,973</u>	<u>5,435,961</u>
<u>10,988,790</u>	<u>9,819,600</u>	<u>8,152,489</u>	<u>8,083,910</u>	<u>6,834,243</u>	<u>6,128,179</u>	<u>6,019,973</u>
<u>\$ 1,538,354</u>	<u>\$ 1,203,010</u>	<u>\$ 1,966,556</u>	<u>\$ 1,251,404</u>	<u>\$ 1,727,255</u>	<u>\$ 1,788,064</u>	<u>\$ 1,376,665</u>
87.72%	89.09%	80.57%	86.59%	79.83%	77.41%	81.39%
\$ 2,788,366	\$ 2,902,886	\$ 2,454,618	\$ 2,338,352	\$ 2,173,347	\$ 2,101,363	\$ 1,980,030
55.17%	41.44%	80.12%	53.52%	79.47%	85.09%	69.53%

TRINITY BAY CONSERVATION DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS AT AND FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll⁽¹⁾</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 305,717	\$ 305,717	\$ -	\$ 1,980,030	15.4%
2015	307,219	324,450	(17,231)	2,101,363	15.4%
2016	308,398	335,565	(27,167)	2,173,347	15.4%
2017	328,772	361,041	(32,269)	2,338,352	15.4%
2018	361,811	378,993	(17,182)	2,454,618	15.4%
2019	410,178	448,206	(38,028)	2,902,886	15.4%
2020	401,804	430,524	(28,720)	2,788,366	15.4%
2021	339,871	391,905	(52,034)	2,538,242	15.4%
2022	400,167	415,796	(15,629)	2,692,914	15.4%
2023	430,396	488,267	(57,871)	3,162,349	15.4%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

(2) Payroll is calculated based on contribution as reported to TCDRS

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS AT AND FOR THE YEAR ENDED SEPTEMBER 30, 2024 (CONTINUED)

Notes to Schedule of Employer Contributions

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (Dec. 31, 2021 valuation for 2023 contributions)

Actuarial Cost Method	Entry Age (level percentage of pay)
Method Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	7.6 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – GOVERNMENTAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Final Budget Variance Favorable (Unfavorable)
REVENUES				
General property taxes	\$ 4,283,500	\$ 4,283,500	\$ 4,171,952	\$ (111,548)
Other tax revenue	400	400	3,493	3,093
Penalties and interest	65,000	65,000	63,782	(1,218)
Investment earnings	13,500	13,500	79,491	65,991
Other revenue	265,900	865,900	367,954	(497,946)
Total revenues	4,628,300	5,228,300	4,686,672	(541,628)
EXPENDITURES				
Personnel costs	2,364,750	2,364,750	2,263,192	101,558
Supplies	464,100	464,100	358,813	105,287
Repairs and maintenance	294,900	294,900	472,390	(177,490)
Professional fees	135,900	135,900	110,636	25,264
Utilities	34,000	34,000	26,715	7,285
Contract and outside services	774,000	774,000	864,523	(90,523)
Sundry	20,500	20,500	(216)	20,716
Capital expenditures	441,450	1,641,450	452,653	1,188,797
Total expenditures	4,529,600	5,729,600	4,548,706	1,180,894
Excess (Deficiency) of Revenues Over (Under) Expenditures	98,700	(501,300)	137,966	639,266
OTHER FINANCING SOURCES (USES)				
Other Financing Sources-Leases and SBITA's	-	-	8,278	8,278
Transfers in (out)	(98,700)	(98,700)	(98,700)	-
Total Other Financing Sources (Uses)	(98,700)	(98,700)	(90,422)	8,278
NET CHANGE IN FUND BALANCE	-	(600,000)	47,544	647,544
FUND BALANCE, beginning of period	3,661,016	3,661,016	3,661,016	-
FUND BALANCE, end of period	\$ 3,661,016	\$ 3,061,016	\$ 3,708,560	\$ 647,544

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BUDGET AND ACTUAL – WATER AND WASTEWATER FUND FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Final Budget Variance Favorable (Unfavorable)
REVENUES				
Water sales	\$ 2,330,100	\$ 2,330,100	\$ 2,357,698	\$ 27,598
Sewer sales	1,335,000	1,335,000	1,030,324	(304,676)
Penalty income	165,000	165,000	207,325	42,325
Tap connection fees	690,000	690,000	788,226	98,226
Capital improvement fee	3,273,708	3,273,708	3,679,403	405,695
Materials and engineering	200,000	200,000	73,066	(126,934)
Miscellaneous	80,600	80,600	90,089	9,489
Total operating revenues	<u>8,074,408</u>	<u>8,074,408</u>	<u>8,226,131</u>	<u>151,723</u>
EXPENSES				
Personnel	2,466,500	2,466,500	2,519,247	(52,747)
Supplies	941,500	941,500	860,849	80,651
Repairs & maintenance	88,000	88,000	127,866	(39,866)
Maintenance of plants/buildings	201,000	201,000	156,427	44,573
Professional fees	131,000	131,000	303,298	(172,298)
Utilities	307,000	307,000	328,917	(21,917)
Contract and outside services	794,508	794,508	811,562	(17,054)
Sundry	118,500	118,500	42,460	76,040
Capital improvement projects	2,200,000	2,200,000	935,248	1,264,752
Total operating expenses	<u>7,248,008</u>	<u>7,248,008</u>	<u>6,085,874</u>	<u>1,162,134</u>
OPERATING INCOME (LOSS) - BUDGET BASIS	<u>826,400</u>	<u>826,400</u>	<u>2,140,257</u>	<u>1,313,857</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income from investments	6,200	6,200	41,405	35,205
Gain (loss) from disposal of capital assets	50,000	50,000	16,550	(33,450)
Gift in kind - Hankamer WTP	-	-	2,863,901	2,863,901
Bond principal payments	(785,000)	(785,000)	(785,000)	-
Interest and amortization	(196,300)	(196,300)	(129,819)	66,481
Transfers in (out)	98,700	98,700	98,700	-
Total non-operating revenues (expenses)	<u>(826,400)</u>	<u>(826,400)</u>	<u>2,105,737</u>	<u>2,932,137</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>4,245,994</u>	<u>\$ 4,245,994</u>
Depreciation and Amortization			(1,664,709)	
Debt payments applied to principal			<u>785,000</u>	
CHANGE IN NET POSITION			<u>\$ 3,366,285</u>	

See Independent Auditor's Report on Supplementary Information.

TEXAS SUPPLEMENTARY INFORMATION

TRINITY BAY CONSERVATION DISTRICT

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2024

1. Services provided by the District:

- | | | |
|---|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water | <input checked="" type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other | | |

2. Retail rates based on 5/8" meter: Retail rates not applicable

The most prevalent type of meter (if not a 5/8"): 5/8" is most prevalent

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water	\$ 56.00	0	Y	\$ 6.00	0	to	10,000
				6.50	10,001	to	plus
Wastewater	10.00	-	Y	5.00	-	to	-
Surcharge	<u> N A </u>						

Does the District employ winter averaging for wastewater usage: Yes No

Total water and wastewater charges per 10,000 gallons usage (including surcharges):

Water \$116.00 Wastewater \$ 60.00

Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered			x 1.0	
< 3/4"	5,993	4,771	x 1.0	4,771
1"	376	327	x 2.5	818
1.5"	58	53	x 5.0	265
2"	79	70	x 8.0	560
3"	15	11	x 15.0	165
4"	9	8	x 25.0	200
6"	2	1	x 50.0	50
8"	-	-	x 80.0	-
10"	-	-	x 115.0	-
Total Water	<u> 6,532 </u>	<u> 5,241 </u>		<u> 6,829 </u>
Total Wastewater	<u> 4,394 </u>	<u> 3,696 </u>	x 1.0	<u> 3,696 </u>

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2024

(CONTINUED)

3. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system:	<u>716,992,000</u>
Gallons billed to customers:	<u>351,488,000</u>
Water accountability ratio: (Gallons billed/gallons pumped)	49%

4. Standby fees: Does the District assess standby fees? Yes _____ No X

Have standby fees been levied in accordance with Water Code Section 49.231 thereby constituting a lien on a property?

Yes _____ No X

5. Location of District: (submitted in prior years).

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

SCHEDULE OF GENERAL FUND EXPENDITURES FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXPENDITURES

Personnel (including benefits)	<u>\$ 2,263,192</u>
Professional fees	
Auditing & accounting	18,875
Legal	8,041
Other professional fees	<u>83,720</u>
Total professional fees	<u>110,636</u>
Purchased and contracted services	
Appraisal district	47,132
Tax collectors	254
Other contracted and outside services	<u>221,796</u>
Total contracted services	<u>269,182</u>
Consumable supplies and materials	
Fuel, chemicals and other	345,229
Repair and maintenance	<u>472,390</u>
Total consumable supplies and materials	<u>817,619</u>
Recurring operating expenses	
Office supplies	13,583
Insurance	195,040
Utilities	26,715
Equipment rental	132
Other administrative expenses	<u>(216)</u>
Total administrative expenses	<u>235,254</u>
Capital outlay	<u>452,654</u>
Debt service	
Principal	325,046
Interest	<u>75,123</u>
Total debt service	<u>400,169</u>
TOTAL EXPENDITURES	<u><u>\$ 4,548,706</u></u>

Number of persons employed by the District: 45 full-time 0 part-time

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

SCHEDULE OF WATER AND WASTEWATER FUND EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2024

OPERATING EXPENSES

Personnel (including benefits)	<u>\$ 2,519,247</u>
Professional fees	
Auditing	18,875
Legal	8,041
Engineering	272,150
Other professional fees	<u>4,231</u>
Total professional fees	<u>303,297</u>
Purchased and contracted services	
Bulk water and wastewater purchases	335,385
Other contracted and outside services	<u>277,199</u>
Total purchased and contracted services	<u>612,584</u>
Consumable supplies and materials	
Fuel, chemicals and other	673,637
Repair and maintenance	1,219,541
Materials and supplies	<u>170,635</u>
Total consumable supplies and materials	<u>2,063,813</u>
Recurring operating expenses	
Utilities	328,917
Insurance	198,979
Other administrative expenses	<u>59,036</u>
Total administrative expenses	<u>586,932</u>
Depreciation and amortization	<u>1,664,709</u>
TOTAL OPERATING EXPENSES	<u>7,750,582</u>
Interest expense and fiscal charges	<u>129,819</u>
Total non-operating expenses	<u>129,819</u>
TOTAL EXPENSES	<u>\$ 7,880,401</u>

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

SCHEDULE OF TEMPORARY INVESTMENTS

SEPTEMBER 30, 2024

Institution - Investment	Identification or Certificate Number	Interest Rate	Maturity Date	Balances at End of Year	
				Unrestricted	Restricted
General Fund					
East Chambers County Bank - CD	7080281	2.00%	12/21/2024	\$ 2,509,353	\$ -
Water and Sewer Fund					
East Chambers County Bank - CD	7080283	2.00%	12/21/2024	741	-
East Chambers County Bank - CD	7080284	2.00%	12/21/2024	-	904,306
East Chambers County Bank - CD	7080285	2.00%	12/21/2024	-	144,309
East Chambers County Bank - CD	7080286	2.75%	08/21/2025	-	786,600
East Chambers County Bank - CD	7080332	2.00%	12/23/2024	-	55,649
East Chambers County Bank - CD	7080356	2.00%	01/15/2025	-	195,700
Total temporary investments				<u>\$ 2,510,094</u>	<u>\$ 2,086,564</u>

The Board of Directors of Trinity Bay Conservation District has elected to use Certificates of Deposit as a component of the Reserve Fund required by the Bond Orders associated with the issuance of revenue refunding bonds of series 2012, and revenue bonds of series 2014.

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

ANALYSIS OF TAXES LEVIED AND RECEIVABLE AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2024

		<u>Maintenance Taxes</u>		
Taxes receivable, beginning of year	\$	444,783		
2023 original tax levy		<u>4,232,041</u>		
Total to be accounted for		<u>4,676,824</u>		
Taxes collections				
Current year		4,086,477		
Prior year		<u>52,031</u>		
Total collections		4,138,508		
Adjustments		<u>81,213</u>		
		<u>4,219,721</u>		
Taxes receivable, end of year	\$	<u>457,103</u>		
Taxes receivable by year				
2023	\$	116,018		
2022		66,516		
2021		35,924		
2020		38,630		
2019		17,960		
Before 2019		<u>182,055</u>		
Taxes receivable, end of year	\$	<u>457,103</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property valuations				
Chambers County	\$ 1,333,199,411	\$ 1,176,182,880	\$ 894,828,115	\$ 851,611,822
Jefferson County	<u>8,472,779</u>	<u>9,589,789</u>	<u>9,065,955</u>	<u>6,361,753</u>
Total	\$ 1,341,672,190	\$ 1,185,772,669	\$ 903,894,070	\$ 857,973,575
Tax rates per \$100 valuation				
Maintenance tax rate	\$ 0.31497	\$ 0.36447	\$ 0.39677	\$ 0.39493
Debt Service tax rate	-	-	-	-
Original levy	\$ 4,232,041	\$ 4,326,290	\$ 3,588,912	\$ 3,392,524
Percent of taxes collected to taxes levied	<u>96.6%</u>	<u>96.6%</u>	<u>97.3%</u>	<u>96.4%</u>

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

WATER AND WASTEWATER - ENTERPRISE FUND DEBT SERVICE REQUIREMENTS BY YEARS SEPTEMBER 30, 2024

Due During Fiscal Years Ending September 30,	Revenue Refunding Bonds Series 2012 Issued \$9,220,000			Total Principal and Interest
	February 15,	August 15,		
	Interest	Interest	Principal	
2025	\$ 26,075	\$ 26,075	\$ 730,000	\$ 782,150
2026	13,300	13,300	760,000	786,600
	<u>\$ 39,375</u>	<u>\$ 39,375</u>	<u>\$ 1,490,000</u>	<u>\$ 1,568,750</u>

Due During Fiscal Years Ending September 30,	Revenue Refunding Bonds Series 2014 Issued \$2,910,000			Total Principal and Interest
	February 15,	August 15,		
	Interest	Interest	Principal	
2025	\$ 44,350	\$ 44,350	\$ 100,000	\$ 188,700
2026	42,850	42,850	110,000	195,700
2027	41,200	41,200	225,000	307,400
2028	36,700	36,700	235,000	308,400
2029	32,000	32,000	240,000	304,000
2030	27,200	27,200	250,000	304,400
2031	22,200	22,200	260,000	304,400
2032	17,000	17,000	270,000	304,000
2033	11,600	11,600	285,000	308,200
2034	5,900	5,900	295,000	306,800
	<u>\$ 281,000</u>	<u>\$ 281,000</u>	<u>\$ 2,270,000</u>	<u>\$ 2,832,000</u>

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

**WATER AND WASTEWATER - ENTERPRISE FUND
DEBT SERVICE REQUIREMENTS BY YEARS
SEPTEMBER 30, 2024
(CONTINUED)**

Due During Fiscal Years Ending September 30,	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest
2025	\$ 830,000	\$ 140,850	\$ 970,850
2026	870,000	112,300	982,300
2027	225,000	82,400	307,400
2028	235,000	73,400	308,400
2029	240,000	64,000	304,000
2030	250,000	54,400	304,400
2031	260,000	44,400	304,400
2032	270,000	34,000	304,000
2033	285,000	23,200	308,200
2034	295,000	11,800	306,800
	<u>\$ 3,760,000</u>	<u>\$ 640,750</u>	<u>\$ 4,400,750</u>

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

ANALYSIS OF CHANGES IN LONG-TERM DEBT SEPTEMBER 30, 2024

	Bond Issues Series 2012	Bond Issues Series 2014	Total
Interest rates	2.00% - 3.50%	3.00% - 4.00%	
Dates interest payable	2/15 - 8/15	2/15 - 8/15	
Maturity dates	2026	2034	
Bonds outstanding, beginning of current period	\$ 2,195,000	\$ 2,360,000	\$ 4,555,000
New bond proceeds	-	-	-
Retirements, principal	705,000	90,000	795,000
Bonds outstanding, end of current period	\$ 1,490,000	\$ 2,270,000	\$ 3,760,000
Interest paid during current period	\$ 76,826	\$ 91,400	\$ 168,226

Paying agent's name and address:

Series 2012 - Bank of New York Mellon, Dallas Texas

Series 2014 - Bank of New York Mellon, Dallas Texas

	Tax Bonds	Revenue Bonds	Refunding Bonds
Amount authorized by voters	\$ -	NA	NA
Amount issued	-	2,910,000	9,220,000
Remaining to be issued	-	-	-
Debt service fund cash and temporary investment balances as of September 30, 2024			\$ 1,199,856
Average annual debt service payment (principal and interest) for remaining term of all debt			\$ 440,075

Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See Independent Auditor's Report on Supplementary Information.

TRINITY BAY CONSERVATION DISTRICT

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES GENERAL FUND FOR THE FIVE YEARS ENDED SEPTEMBER 30, 2024

	Amounts				
	2024	2023	2022	2021	2020
Operating revenues					
Taxes	\$ 4,175,445	\$ 4,245,195	\$ 3,559,424	\$ 3,398,917	\$ 3,455,953
Penalty and interest	63,782	73,873	84,849	74,148	70,122
Interest income	79,491	14,028	7,837	6,387	6,083
Intergovernmental grants	-	-	-	-	81,823
Intergovernmental projects	-	-	-	-	356,590
Other revenues	367,954	271,688	35,135	79,288	60,928
Total operating revenues	<u>4,686,672</u>	<u>4,604,784</u>	<u>3,687,245</u>	<u>3,558,740</u>	<u>4,031,499</u>
Expenses					
Personnel	2,263,192	2,200,240	1,980,440	2,014,215	2,391,194
Supplies	358,813	445,593	394,065	186,669	251,689
Repairs and maintenance	472,390	494,579	332,807	279,048	248,735
Utilities	26,715	29,767	27,908	26,595	24,953
Contract services and professional services	574,990	395,407	344,499	250,149	285,041
Sundry	(216)	18,720	11,161	3,533	11,010
Capital expenditures	452,653	1,609,506	210,831	88,162	372,457
Debt service	400,169	252,988	95,860	138,267	230,838
Total operating expenses	<u>4,548,706</u>	<u>5,446,800</u>	<u>3,397,571</u>	<u>2,986,638</u>	<u>3,815,917</u>
Excess (expenses)	<u>137,966</u>	<u>(842,016)</u>	<u>289,674</u>	<u>572,102</u>	<u>215,582</u>
Other financing sources (uses)					
FEMA grant deobligation	-	-	-	(123,172)	-
Other financing sources - leases and SBITA's	8,278	1,157,057	-	-	-
Transfers (to) from other funds	<u>(98,700)</u>	<u>(98,700)</u>	<u>(98,700)</u>	<u>(68,440)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 47,544</u>	<u>\$ 216,341</u>	<u>\$ 190,974</u>	<u>\$ 380,490</u>	<u>\$ 215,582</u>

See Independent Auditor's Report on Supplementary Information.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
89.1%	92.2%	96.5%	95.5%	85.7%
1.4%	1.6%	2.3%	2.1%	1.7%
1.7%	0.3%	0.2%	0.2%	0.2%
0.0%	0.0%	0.0%	0.0%	2.0%
0.0%	0.0%	0.0%	0.0%	8.8%
7.9%	5.9%	1.0%	2.2%	1.5%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
48.3%	47.8%	53.7%	56.6%	59.3%
7.7%	9.7%	10.7%	5.2%	6.2%
10.1%	10.7%	9.0%	7.8%	6.2%
0.6%	0.6%	0.8%	0.7%	0.6%
12.3%	8.6%	9.3%	7.0%	7.1%
0.0%	0.4%	0.3%	0.1%	0.3%
9.7%	35.0%	5.7%	2.5%	9.2%
8.5%	5.5%	2.6%	3.9%	5.7%
<u>97.1%</u>	<u>118.3%</u>	<u>92.1%</u>	<u>83.9%</u>	<u>94.7%</u>
<u>2.9%</u>	<u>-18.3%</u>	<u>7.9%</u>	<u>16.1%</u>	<u>5.3%</u>
0.0%	0.0%	0.0%	-3.5%	0.0%
0.2%	25.1%	0.0%	0.0%	0.0%
<u>-2.1%</u>	<u>-2.1%</u>	<u>-2.7%</u>	<u>-1.9%</u>	<u>0.0%</u>
<u>1.0%</u>	<u>4.7%</u>	<u>5.2%</u>	<u>10.7%</u>	<u>5.3%</u>

TRINITY BAY CONSERVATION DISTRICT

COMPARATIVE STATEMENT OF REVENUES AND EXPENSES WATER AND WASTEWATER FUND FOR THE FIVE YEARS ENDED SEPTEMBER 30, 2024

	Amounts				
	2024	2023	2022	2021	2020
Operating revenues					
Water service	\$ 5,999,160	\$ 5,288,406	\$ 4,541,067	\$ 3,922,326	\$ 3,640,433
Sewer service	1,030,324	687,272	732,874	715,743	704,220
Penalty and income	207,325	170,584	113,555	62,891	24,037
Tap and connection fees	826,167	834,122	745,390	353,033	363,725
Line extensions and miscellaneous fees	73,066	100,217	110,861	192,676	232,101
Other	90,089	33,159	589,001	80,517	26,490
Total operating revenues	8,226,131	7,113,760	6,832,748	5,327,186	4,991,006
Expenses					
Personnel	2,519,247	2,680,165	1,999,686	2,049,012	2,136,957
Plant operations, maintenance and supplies	1,952,524	2,114,378	1,641,206	1,140,763	1,124,762
Contractual and outside services	1,114,860	816,328	754,558	537,177	619,225
Utilities	328,917	266,421	262,656	242,447	245,532
Repairs and maintenance	127,866	102,930	184,680	73,890	34,041
Sundry	42,460	42,213	11,748	8,400	29,506
Depreciation	1,664,709	1,550,655	1,507,900	1,314,629	1,312,231
Total operating expenses	7,750,583	7,573,090	6,362,434	5,366,318	5,502,254
Excess (expenses)	475,548	(459,330)	470,314	(39,132)	(511,248)
Nonoperating Revenues (Expenses)					
Project income	-	-	-	-	378,948
Project expenses	-	-	-	-	(188,564)
Investment income	41,405	9,530	5,747	8,313	10,405
Gain (loss) from disposal of capital assets	16,550	60,651	-	-	-
Gift in kind	2,863,901	1,167,698	827,924	550,688	259,662
Interest expense and fiscal charges	(129,819)	(151,788)	(172,645)	(197,463)	(222,528)
Total nonoperating revenues (expenses)	2,792,037	1,086,091	661,026	361,538	237,923
Net income before capital contributions, and transfers	3,267,585	626,761	1,131,340	322,406	(273,325)
Transfers (to) from other funds	98,700	98,700	98,700	68,440	-
Change in net position	\$ 3,366,285	\$ 725,461	\$ 1,230,040	\$ 390,846	\$ (273,325)
Total active retail water and / or wastewater connections	6,829	6,364	6,232	5,905	5,754

See Independent Auditor's Report on Supplementary Information.

Percent of Fund Total Revenues

2024	2023	2022	2021	2020
72.9%	74.3%	66.5%	73.6%	72.9%
12.5%	9.7%	10.7%	13.4%	14.1%
2.5%	2.4%	1.7%	1.2%	0.5%
10.0%	11.7%	10.9%	6.6%	7.3%
0.9%	1.4%	1.6%	3.6%	4.7%
1.1%	0.5%	8.6%	1.5%	0.5%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
30.6%	37.7%	29.3%	38.5%	42.8%
23.7%	29.7%	24.0%	21.4%	22.5%
13.6%	11.5%	11.0%	10.1%	12.4%
4.0%	3.7%	3.8%	4.6%	4.9%
1.6%	1.4%	2.7%	1.4%	0.7%
0.5%	0.6%	0.2%	0.2%	0.6%
20.2%	21.8%	22.1%	24.7%	26.3%
<u>94.2%</u>	<u>106.5%</u>	<u>93.1%</u>	<u>100.7%</u>	<u>110.2%</u>
<u>5.8%</u>	<u>-6.5%</u>	<u>6.9%</u>	<u>-0.7%</u>	<u>-10.2%</u>
0.0%	0.0%	0.0%	0.0%	7.6%
0.0%	0.0%	0.0%	0.0%	-3.8%
0.5%	0.1%	0.1%	0.2%	0.2%
0.2%	0.9%	0.0%	0.0%	0.0%
34.8%	16.4%	12.1%	10.3%	5.2%
<u>-1.6%</u>	<u>-2.1%</u>	<u>-2.5%</u>	<u>-3.7%</u>	<u>-4.5%</u>
<u>33.9%</u>	<u>15.3%</u>	<u>9.7%</u>	<u>6.8%</u>	<u>4.8%</u>
39.7%	8.8%	16.6%	6.1%	-5.5%
1.2%	1.4%	1.4%	1.3%	0.0%
<u>40.9%</u>	<u>10.2%</u>	<u>18.0%</u>	<u>7.3%</u>	<u>-5.5%</u>

TRINITY BAY CONSERVATION DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS SEPTEMBER 30, 2024

Complete District Mailing Address: P.O. Box 599
Stowell, TX 77661

District Business Telephone Number: (409) 296-3602

<u>Name and Address</u>	<u>Term of Office Date Elected or Date Hired</u>	<u>Salary or Fees and Expense Reimbursements Year Ended 9/30/2024</u>	<u>Title at Year-End</u>	<u>Resident of District</u>
Board Members				
Lester Hankamer, Precinct #1 P.O. Box 290 Hankamer, TX 77560	7/2021 11/2026	Salary \$ 1,700 Expenses 287	Secretary	Yes
Richard Nicely, Precinct #2 1145 Devillier Road Winnie, TX 77665	11/2018 11/2024	Salary 2,000 Expenses 116	Director	Yes
Victor Caraway, Precinct #3 P.O. Box 1515 Winnie, TX 77665	11/2018 11/2026	Salary 1,850 Expenses 45	President	Yes
Greggory Turner, Precinct #4 P.O. Box 307 Anahuac, TX 77514	11/2020 11/2024	Salary 1,250 Expenses 289	Vice President	Yes
Annette Rayburn, Precinct #5 311 SW 7th. Street Winnie, TX 77665	08/2023 11/2024	Salary - Expenses -	Director	Yes

Key Administrative Personnel

Jerry Shadden P.O. Box 342 Winnie, TX 77665	02/2022 Present	Salary 200,052 Expenses 1,078	General Manager	Yes
---	--------------------	----------------------------------	-----------------	-----

NOTE: No director is disqualified from serving on the board of the District under the Texas Water Code.

TRINITY BAY CONSERVATION DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS SEPTEMBER 30, 2024 (CONTINUED)

<u>Name and Address</u>	<u>Term of Office Date Elected or Date Hired</u>	<u>Fees and Expense Reimbursements 9/30/2024</u>	<u>Title at Year-End</u>	<u>Resident of District</u>
Consultants				
Germer PLLC P.O. Box 4915 Beaumont, TX 77704	04/2021	\$ 16,083	Attorney	N/A
LJA Engineering, Inc. 2929 Briarpark Drive Houston, TX 77042	03/2016	337,291	Engineering Consultants	N/A
Chambers County Tax Collector P.O. Box 519 Anahuac, TX 77514	07/1982	7,993	Tax Collector	N/A
Wathen, DeShong & Juncker, LLP 4140 Gladys Ave., Suite 101 Beaumont, TX 77706	09/2019	37,500	Auditor	N/A
Plummer P.O. Box 736753 Dallas, TX 75373-6753	05/01/2022	170,495	Engineering Consultants	N/A
Jeffrey S. Ward & Associates, Inc. 14401 Bookcliff Ct Purcellville, VA 20132	11/30/2022	22,000	Engineering Consultants	N/A

See Independent Auditor's Report on Supplementary Information.